

NEWS RELEASE

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S&P Upgrades Seguin Utility System's Bond Rating to A+

SEGUIN, Texas – Further solidifying a course of strong leadership and financial management, Standard and Poor's recently raised the rating of the City of Seguin's utility system from A to A+. The rating review was requested by the City of Seguin and its financial advisors, SAMCO Capital Markets, as part of the issuance of a net value of \$20.8 million in utility revenue bonds. The bond proceeds were needed for a number of utility projects that are planned.

Municipalities benefit from strong ratings when it comes to issuing bonds. Borrowing money at a lower rate saves significant money over the life of the loan.

"This upgrade is good news for several reasons," Mayor Don Keil said. "Most importantly, the good rating ensures a low interest rate on the money we borrow, enabling our utility rates to remain competitive. It also reassures our citizens and ratepayers that their city and its utility are efficient and financially responsible."

In its November 25 analysis, S&P cited the city's stable local service economy, revenue diversity and stability, and good financial performance with solid fixed charge coverage and strong liquidity. S&P also praised the City of Seguin's wholesale power supply contract with CPS Energy and favorable positioning in pending breach of contract litigation with LCRA.

Fitch Ratings issued a similar analysis on November 24. The agency assigned its A+ rating to the same series of bonds. Fitch cited a strong operating cash flow, minimal debt, ample liquidity and growth in the local economy in its assessment.

"This upgrade also reflects positively on the city's image to those outside of Seguin looking to develop homes or businesses here," Keil continued. "Reliable, economical electric, water and sanitary sewer utilities are essential for a city to thrive and grow."

About the City of Seguin

Seguin, Texas is located along Interstate 10, about 35 miles east of San Antonio. Seguin is big enough to boast a top-rated university and a state-of-the-art hospital. More than 25,000 residents enjoy a range of cultural, recreational and employment opportunities. Seguin's robust diversified economy features a steelmaker, a manufacturer of automotive parts, an engine manufacture and plants making roadside mowing equipment and building materials. In 2014, Seguin was proud to be selected by Siro Group USA as the future home of the company's North American manufacturing facility.

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